

USAWC STRATEGY RESEARCH PROJECT

**THE STRATEGIC COMPETITION FOR THE CONTINENT OF AFRICA**

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## **ABSTRACT**

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The United States is unarguably the pre-eminent nation in the world. Our economic strength provides for a high quality of life for most of our citizens, large sums of capital for public and private investment, and the ability to field a highly capable and technically advanced military force. At the same time, the United States has become the largest debtor nation; currently some \$7 trillion, has under-funded future governmental obligations, and has worldwide security commitments that stretch our military to the breaking point. In order to meet our future security requirements and sustain our pre-eminent military position, the United States must pursue a foreign policy that ensures continued economic growth - without which, the government will be forced to reduce our commitments, cede resolution of issues to regional powers, or significantly reduce domestic governmental spending, currently politically unpalatable. And to secure growth, the United States needs to maintain access to natural resources and markets for American products. The largest underdeveloped market remaining in the world is the continent of Africa. We are not alone however, in that competition for Africa. China, a growing economic and diplomatic force in the world, has been aggressively pursuing economic goals on the continent and parlaying those economic ties into diplomatic clout. The competition for Africa has strategic implications for whichever country fails to establish or sustain access to that market.



## THE STRATEGIC COMPETITION FOR THE CONTINENT OF AFRICA

The United States is unarguably the pre-eminent nation in the world. Our economic strength provides for a high quality of life for most of our citizens, large sums of capital for public and private investment, and the ability to field a highly capable and technically advanced military force. At the same time, the United States has become the largest debtor nation; currently some \$7 trillion, has under-funded future governmental obligations, and has worldwide security commitments that stretch our military to the breaking point. In order to meet our future security requirements and sustain our pre-eminent military position, the United States must pursue a foreign policy that ensures continued economic growth - without which, the government will be forced to reduce our commitments, cede resolution of issues to regional powers, or significantly reduce domestic governmental spending, currently politically unpalatable. And to secure growth, the United States needs to maintain access to natural resources and markets for American products. The largest underdeveloped market remaining in the world is the continent of Africa. Consisting of fifty-four nations on a land mass equal to all of North and South America combined, Africa is the home to some 800 million people. Africa is also the largest source of economic and political instability in the world, boasting the largest number of failed or failing states and ungoverned territories, which are primary breeding grounds for international terrorism and organized crime. We are not alone however, in that competition for Africa. China, a growing economic and diplomatic force in the world, has been aggressively pursuing economic goals on the continent and parlaying those economic ties into diplomatic clout. Does the competition for Africa has strategic implications for the United States and what does it mean to the country that fails to establish or sustain access to that market?

Over the past decade the United States has been slow to expand its business and political enterprises in the continent of Africa. In the interim, China, the world's most populous country, the fourth largest economy, and the third largest standing military force, has jumped onto the continent full force. In other words, "the Chinese, sensing Africa's tremendous potential upside, are making strategic economic inroads into a continent that, outside of oil investments, has long been written off by most Western companies as too risky because of poor governance or threat of conflict. US companies, in particular, have been caught flat-footed by the Chinese financial strikes, according to American and other experts on Africa's economic potential."<sup>1</sup>

Chinese investments, both public and private sector, are aimed at securing further access to a largely untapped market, ensuring the continued flow of resources to fuel their

economic growth, and building alliances around the region to counter the United States as the world's most influential and economic power. This is an economic and political struggle that could conceivably lead to the US and other western nations being cut off from required energy resources, squeezed out of future markets, and faced with stagnating or negative economic growth. In other words: "China's aggressive search [for oil specifically] is putting it in growing competition with the United States, the world's largest oil consumer. Some observers even warn of a possible showdown between the two economic giants."<sup>2</sup>

#### Geographic Background on Africa

Africa is the second largest continent and lies astride the equator with its northern and southern limits at almost identical latitudes, 37N and 35S. It is roughly pear shaped, with the northern section of the continent twice the area as the southern area.<sup>3</sup> Geographically, there are ten distinct zones, but for the purpose of this paper, we will discuss the continent in five commonly referred to regions – North Africa, Sub-Saharan Africa, Coastal Guinea and Central Africa, Eastern Africa, and Southern Africa.

North Africa comprises the area from Morocco in the west to the Red Sea in the east. All the countries in this region, Morocco, Algeria, Tunisia, Libya, and Egypt, border the southern shore of the Mediterranean Sea. Ethnic Arabs dominate the region with Islam being the primary religion. The climate near the coast is temperate with more extreme temperatures further inland. Economically, the region is connected to Europe and the other regions of Africa by textiles, oil, and other natural resources as main exports.

Sub-Saharan Africa consists of several zones and roughly encompasses the area from the Western Sahara in the west to the Red Sea off the Sudanese coast and south to Central equatorial Africa. The region is dominated by the Saharan desert, which divides the continent in half and is characterized by extreme temperatures and limited sources of water. This region is the largest, but also the least populated due to the harsh conditions, and the majority of nations in the region are among the poorest in the world. Economically the region is a mixed bag with limited mining and oil production the primary sources of revenue.

West Africa or the Guinea and Central Equatorial Africa consists of the area along the western coast to the heart of the continent. Tropical forests with temperate climates dominate the region. The coastal area has been influenced more than any other region by European colonization, with the first colony being established in the 15<sup>th</sup> century. Economically, the region depends on agriculture, mining, and tourism. The ethnic, culture, and religious affiliations vary among the countries and reflect the European power that originally colonized the area.

Eastern Africa stretches from southern Sudan through the Horn of Africa to Mozambique. Maritime trade through the Indian Ocean heavily influences the area and its strategic significance is due to its proximity to the entrance to the Red Sea and the Suez Canal – a major shipping lane of vital importance to the world economy. Ethnically the region is heavily influenced by its proximity to the Middle East and is predominantly Islamic. The major economic engines in the area are fishing, mining, and textile production. The area has great tracts of territory that are ungoverned or are controlled by non-governmental entities such as organized crime. It has become a haven for radical Islamic terrorist fleeing pursuit from the Middle East and is the only region in Africa that U.S. forces are currently operating from a fixed base.

The last region is Southern Africa, dominated by the country of South Africa, and has been heavily influenced by colonization and settlement of central European people. The economy is robust with mining, agriculture, oil, and manufacturing and has a well established infrastructure. South Africa also has a history of democratic governance and was the only declared nuclear power on the continent until the early 1990's when the government submitted to international pressure and gave up its weapons.

A general knowledge of the geography and major economic resources on the continent is important in order to examine what China is doing and why. But it is equally important to remember that "Africa is too varied and diffuse in its peoples and languages to be regarded as a cultural entity, any more than a kaleidoscope of Europe or that of the Americas is cultural entities."<sup>4</sup>

#### China's growing need for energy

China's economic growth over the past 20 years has been unequalled in the world. Gross domestic production (GDP) increased an average of 10% a year. Continuation of this rate of growth is imperative for China as they struggle to move from the largely agrarian economy of the 70's and 80's to the industrial giant they are today. With a population of 1.3 billion people, China's major concerns remain feeding their citizens, delivering services such as health care and education, and keeping that population gainfully employed – failure to do so, would lead to unrest which would manifest itself in dissatisfaction with the one party communist rule. So, to continue expansion, access to energy and natural resources is an imperative. Prior to 1993, China produced enough oil and natural gas to meet domestic demands. In fact, production was such that excess supplies were exported to other Asian countries, mainly Vietnam, Cambodia, Laos and North Korea.<sup>5</sup> That all changed with the economic expansion

that began in the mid 80's; quickly consuming all domestic production of oil and natural gas. The steady increase of oil demand, driven by industrialization and not proliferation of automobiles (there are only about 20 million private cars in China, compared to the 150 million in the US), has led China to seek out ever-greater sources of foreign oil. Currently, China's needs account for 28% of the petroleum products sold on the world market.<sup>6</sup> Moreover, 25% of China's oil imports, some 31 million metric tons, came from Africa this past year. Currently the US imports only 15% of its oil from African sources, but that figure is projected to rise by 2015 to 25% of total imports, putting the US and China in direct competition for the same resources.<sup>7</sup> From rare metals like platinum in Zimbabwe, copper and manganese found in Zambia, uranium in Niger, diamonds in the Central African Republic, and iron ore in South Africa, China sees Africa as a potential secure source for these needed resources. More importantly, eight nations in Africa currently produce oil or natural gas that provides further potential sources for Chinese industrial demands. Securing access to these nations and their resources is a major consideration shaping Chinese foreign policy.

#### What China has done and what they are doing in Africa

Attempting to gauge the true amount of Chinese public funding of African nations is difficult. Beijing is somewhat closed when discussing public foreign funding, especially when they are pursuing opening or sustaining access to certain markets. Also, many Chinese corporations are state owned or state directed through subsidiaries, so Chinese public spending is cloaked in the guise of private sector investment. Even further, some public sector funding which is announced is provided with "strings attached," such as a \$2 billion deal signed with Angola in 2005 for oil exploration rights. The deal provides for purchases of oil futures at above market rates with the provision that Chinese companies be awarded contracts for other public sector projects within Angola.<sup>8</sup> Furthermore, Chinese companies are aggressively purchasing African energy companies or the rights to develop oil reserves in African countries as a means of securing future sources of oil.<sup>9</sup>

As an apparent response to the Bush Administration's Millennium Challenge Corporation initiative of 2000, China established the China-Africa Cooperative Forum (CACF) to promote trade and investment with forty-four countries on the continent. Countries that benefited from this program included Algeria, Egypt, Gabon, Angola, Nigeria, the Central African Republic, Chad, the Congo, Libya, Niger, and the Sudan.<sup>10</sup> The program provides funds for investment in industrial development or transportation projects. Similar to the Angolan deal, many of these development projects benefit Chinese construction firms and not indigenous companies. It is

true that many Chinese construction firms employ local laborers, but most of the technicians and engineers are Chinese citizens.

In fact, "China has become the fourth most important source of global foreign direct investment (FDI) in the short term, just trailing the United States, the United Kingdom, [and] Germany, according to a survey by the United Nations Conference on Trade and Development."<sup>11</sup> According to Chinese government figures, nearly \$50 billion in FDI was provided in 2004. Of that figure, 4.2% or \$5.53 billion was provided by what Chinese call Central Enterprises, or state owned corporations, while regional or private companies provided 95.8% or \$44.8 billion.<sup>12</sup> During the same time period, Chinese trade with Africa increased some 43% - \$18 billion in exports to Africa with nearly \$10 billion in African imports (mostly oil and copper).<sup>13</sup>

The Chinese have also aggressively looked at forgiving or covering foreign debt as a means of gaining access. In the summer of 2005, the G-8 (the seven most industrialized western nations and Russia) announced a plan to forgive \$55 billion in foreign debt owed by the world's poorest nations. The announcement generated a great deal of media attention, but not all the countries that benefited from this policy were in Africa. Conversely, little notice was given to China's efforts on the same front. In the past four years, Beijing has "cancelled a \$10 billion debt owed by some countries on the continent, while at the Sino-Africa conference in 2003 it offered debt relief to 31 countries in Africa."<sup>14</sup> Additionally, China offered 167 items of aid to 46 African countries from 2004 to May 2005, which contributed to the building of infrastructure projects, including roads, schools, water supply, and hospitals.<sup>15</sup> Other notable large scale development projects funded by China in the past two years include \$200 million to Sierra Leone to rebuild the tourism trade and \$170 million in Zambia's copper and manganese mining industries.<sup>16</sup>

#### What are China's Objectives in Africa?

China's activities seem to be motivated by two factors. The first factor is to gain access to needed energy resources. As discussed earlier, China's oil consumption has grown exponentially in the past 13 years – with 2005 oil imports exceeding 130 million metric tons. The second motivating factor is continued economic growth by expanding or currying political favor with the governments of the 54 nations of Africa. With China's population, economic growth is essential to sustain a free market economy while maintaining one party communist rule.<sup>17</sup> In this regard, the Chinese appear more concerned with securing access to resources than the political ideology (or human rights record) of the leaders they are dealing with.

Consequently, China is not precluded from trading with countries or politicians that the West finds too unsavory or too unstable to deal with.

For example, the Chinese continue to do business with Sudan despite their current status as a pariah state on the world stage. "In 1997, as part of the first round of significant overseas investments by the state controlled Chinese energy companies, China National Petroleum Corporation (CNCP) took the largest share in a multinational joint venture to explore and develop oil fields and build a pipeline to Sudan at the same time that the United States was imposing a blanket trade embargo on that country preventing US energy companies from competing for these projects."<sup>18</sup> China provided weapons to the Sudanese government, which are reportedly being used by militias in the Darfur regional dispute. Later in 2001 and 2002, domestic economic and energy concerns trumped the international community's desire to stop the reported genocide in the Sudan's Darfur region. China actively opposed the rest of the United Nation Security Council by stopping sanctions and effectively watering down a resolution to censure the Sudanese government. This is a clear example of China's self-interests trumping the need to be a reliable world power.

China has also angered the US and Great Britain governments in their dealings with Zimbabwean President Robert Mugabe. Chinese infrastructure investments and direct loans to the impoverished nation in return for oil and other natural resources have undermined the international community's attempts to coerce Mugabe in allowing oversight of business and government spending practices as part of the assistance from the International Monetary Fund. The Chinese National Offshore Oil Company (CNOOC) went so far as to donate \$13 million in blue tiles for the Presidential palace, while most Zimbabweans live in abject poverty (GDP per capita in 2004 was \$163). At the same time, Zimbabwe purchased six Chinese made Karakorum (K-8) military trainers, 100 military vehicles, 2 MA60 passenger planes from China's state-owned AVIC aircraft manufacturer, and received a third MA60 as a gift. Additionally First Automobile Works, China's largest automobile manufacturer, agreed to provide 1000 commuter buses to upgrade the public transportation fleet<sup>19</sup> A case of China securing access to resources while disregarding international concerns again.

Another example is the \$2 billion line of credit to Angola undermined reforms sponsored by the International Monetary Fund (IMF) to curb corruption.<sup>20</sup> A majority of this money is being used to award contracts to Chinese businesses who are building an electrical distribution system in the capital of Luanda and other public infrastructure projects. Additionally, the Chinese government is building 5000 modern housing units for government officials as an

outright gift. These projects were approved after Angola agreed to provide 300,000 barrels of oil per day to China.

A similar quid pro quo can be found in Nigeria. Chinese companies are rebuilding the Nigerian national rail line and in July 2005, China announced it will build and launch a new communications satellite for Nigeria in 2007. Concurrent with these projects, CNOOC, another state controlled oil company, concluded a \$2.3 billion deal with the Nigerian government gaining a 45% stake in Nigeria's on-shore oil field.<sup>21</sup>

Relations between China and the Central African Republic (CAR) were reestablished in 1995 after a three-year dispute over recognition of Taiwan was resolved. Since then, China has provided the CAR army with logistical support, military uniforms, communications equipment, and other unspecified items; tractors to the agricultural ministry; and technical and financial assistance in building public infrastructure and housing. In return, China has secured a source of industrial grade diamonds, the CAR number one export.<sup>22</sup> And in Gabon, China financed and a Chinese company is working on a major port restoration project. In return, "China secured an on shore oil exploration deal and a promise to be sold a significant amount of crude [oil]."<sup>23</sup>

The bottom line as far as the Chinese are concerned is "to secure deals worth tens of billions of dollars, Beijing is cozying up to regimes in nations, including Iran and Sudan, that Washington labels pariahs."<sup>24</sup>

To date, "China has either struck oil deals or built on existing ones in Angola, Algeria, Chad, Sudan, Equatorial Guinea, Gabon, and Nigeria. More than half of Sudan's oil exports go to China, accounting for roughly 5% of its imports."<sup>25</sup> And while the focus of this study is China's strategic engagement and enlargement in the continent of Africa, similar actions with non-African nations can be gauged to induce their intent. In October 2004, SINOPEC, one of China's state controlled energy companies, concluded a \$70 billion deal with Tehran giving Chinese companies a majority stake in the Iranian Yadavaran oil field and future rights to develop the largely untapped area. All in all, the agreement guarantees delivery to SINOPEC nearly 250 million tons of liquid natural gas in the next 3 decades and 150,000 barrels of sweet crude oil per year for the next 25 years.<sup>26</sup> China has secured a large percentage of its future energy requirements and Tehran has gained a strategic partner who wields a veto on the UN Security Council. Granted, the huge sum of money is needed by the Iranian regime, but one has to wonder if that deal emboldened the President Mahmoud Ahmadinejad and the ruling mullahs to renege on their promise not to enrich nuclear fuel, sure that a Chinese veto would block any United Nations Security Council resolution in response. On 31 January 2006, China agreed with the other four permanent members of the United Nations Security Council (UNSC)

to refer Iran to that body, but as of this writing, China's ultimate intention with respect to Iran's nuclear ambitions are unclear. But if their past inclinations to let self-interests trump international security are any indication, we can expect to see them working behind the scenes to soften or water down any resolution coming out of the Security Council. Failing that, use of the veto to block international intervention and preserve Chinese access to Iranian oil should be expected.<sup>27</sup>

#### Why is this critical/what will accomplishment of these goals mean?

The significance of this growing Chinese presence on the continent is many fold. First, China routinely bucks international bodies when the issue of state sovereignty is discussed. With their penchant for suppressing domestic opposition and the ongoing dispute over Taiwan, China consistently opposes international intervention in countries over what they consider domestic politics. As a permanent member of the UNSC, China has threatened to use or used their veto on numerous occasions to block action against states. Since Africa has many failed or failing states and a number of states with poor track records in human rights, similar to Beijing, the potential is greater for China to block future United Nation's efforts to stop genocide, wars, or impose sanctions against states collectively deemed pariah states. China's growing presence on the continent could also have a destabilizing effect in some of the states. As stated above, they are not squeamish about dealing with leaders that exploit their citizens. Unable to fund necessary programs through existing international organizations such as the World Bank or the IMF, because they won't meet international standards, African leaders are turning to China more and more for financial assistance. This undermines the will of the international community and undercuts leverage that other nations may have on these African states in compelling economic or political reforms that meet the basic human needs of their citizens. Lastly, since the Chinese are increasingly purchasing oil rights or the companies that own the oil fields, they are positioning themselves as the broker for more of the world's oil supply. The Chinese oil companies are all state owned which means that China is purchasing oil rights and the ability to decide who gets and doesn't get oil from the fields. This could have a destabilizing impact on the world oil market and also places them in a strong position to wield diplomatic influence over countries dependent on that oil.<sup>28</sup>

#### China's Military Element of Power and its impact on the competition for Africa?

In any review of potential conflict between China and the US over access to Africa, a review of relative military strengths and capabilities is necessary. China has a large standing army, some four million personnel in uniform, but their supporting services are relatively small.

All the services, however, are relatively inferior when it comes to capabilities. They are equipped with 2<sup>nd</sup> and 3<sup>rd</sup> generation equipment from the former Soviet Union and their training programs are inefficient. The Peoples Liberation Army (PLA) is largely a force designed mostly for homeland protection and internal security. However, this situation is changing. Over the past decade, leaders of the Chinese military have pushed for reforms in their services. Reforms in the PLA specifically are aimed at creating a smaller, more effective force with heavy emphasis on combined arms operations with a primary task of amphibious assaults.<sup>29</sup> This is reflective of China's concern over Taiwan and their opposition to any move by Taiwan to claim independence. The reforms the PLA have implemented and are pursuing are very similar to the transformation the US Army underwent in the 80's. Reduction of force size, restructuring command and control arrangements, improving professional education, more effective and frequent training exercises concurrent with a fundamental change in US doctrine led the way to take a post Viet Nam War army to the victorious force in Desert Storm.<sup>30</sup>

The PLA is implementing many of the same changes. Flush with funding due to double digit increases in defense spending this decade, the PLA is reducing their overall end strength. Plans are in place for reductions amounting to 35%, bringing the overall force to 2.5 million men. Doctrine is being revised to incorporate lessons learned from other recent conflicts, namely the Arab Israeli wars and the US led operations in Iraq - both in 1991 and again in 2003. Along with the new doctrine, the PLA is changing how their leaders are selected and trained. Professional development schools for both officers and Non-commissioned officers are being consolidated and the curriculum is being synchronized. More emphasis is now being placed on training and former training distracters have been eliminated from their mission task lists. New weapons are being developed and fielded by Chinese arms manufacturers and where they have limited or non-existent capabilities, systems are being purchased on the world market. And lastly, the PLA has embarked on a program to improve the standard of living for their soldiers as recognition of the fact that the Chinese economy has vastly improved and is drawing intelligent capable recruits away from the service.<sup>31</sup> Another decade will be required to complete these transformations, integrate new equipment, and develop the corresponding doctrine. Further, short of a conflict involving the PLA, most of that force will remain untested for the foreseeable future.

The PLA is not the only service transforming. As China's global trade and dependence on foreign oil grows, the emphasis on improving the navy also grows. China still does not have a "blue water" navy, that is one that can project power or control sea lines of communication (SLOC) outside the Chinese coastal waters, but they are moving in that direction. In 1985 they

purchased a decommissioned aircraft carrier from Australia ostensibly for scrap metal. However, before disassembling the vessel, Chinese naval engineers studied the ship in great detail.<sup>32</sup> In 2000, they purchased the Varyag, a 70,000 ton aircraft carrier under construction for the Ukraine. With the demise of the Soviet Union, the funding for the vessel was cancelled and the Chinese purchased the vessel, which still had no engines, rudder, or other navigation equipment, for \$20 million. The vessel is currently in dry dock going through unspecified work. The future plan for this vessel is still unknown, and the stated intention of turning it into a floating museum is somewhat dubious. Aircraft carriers are only part of what is required for a blue water navy. Support vessels to protect the carrier and naval aviation are also required. Additionally, doctrine would need to be developed and operating procedures would have to be implemented, which is no small task for a service that until recently, only operated outside of Chinese coastal waters with submarines.

The Chinese Navy (PLAN), however, has a growing fleet of conventional and nuclear submarines, purchased from the Soviet Union and the Ukraine in the past decade. This rapid upgrade of the fleet now allows the navy to range further from their shores, but again, their capability is limited. Current capabilities may allow the PLAN to interdict the SLOC for limited periods of time, but the lack of forward support bases and support vessels preclude sustaining that interdiction for long. The PLAN remains a force primarily designed to contest freedom of operation in the confined areas of the Taiwan Straights and the approaches to the South China Sea. It is a long way in equipment, training, and doctrine from being able to conduct fleet operations on the open seas to protect shipping lanes and even further from contesting those open seas with the current U.S. Navy in any hostile dispute.

In short, while the PLA and the PLAN have made great improvements in their equipment and organizations, developed doctrine based on recent wars, completely revamped their professional education systems, they are still a long way in terms of capabilities and a long time away from competing with the current US military. Sheer numbers and modern weapons may tip the scales in their favor close to the Chinese mainland, but the Chinese conventional military in their current state lacks the power projection and operational capabilities to be a deterrent force in any conflict in Africa. Consequently, China will continue to have to rely on economic and diplomatic elements of power to implement foreign policy in Africa.

#### What is the US doing in comparison

The strategy of the United States is to “create a more secure, democratic, and prosperous world for the benefit of the American people and the international community.”<sup>33</sup> Or

put another way: "President George W. Bush is committed to ensuring the security of the American people, strengthening the community of free nations, and advancing democratic reform, freedom, and economic well-being around the globe."<sup>34</sup> While these may sound idealistic, they are in keeping with our basic principles of "life, liberty, and the pursuit of happiness."<sup>35</sup> They are also consistent with the adage that democratic nations do not go to war with one another<sup>36</sup> and that economic prosperity at home is dependent on peace and stability overseas.

The US grand strategy appears in different terminology, but essentially the same concept in the 2002 National Security Strategy. In this document, the grand strategy is further refined with eight goals or desired ends identified to secure the nation and the American people. In short, those goals are to champion human dignity, strengthen alliances to defeat global terrorism, work with others to diffuse regional conflicts, prevent enemies from threatening the US and her allies with weapons of mass destruction, promote economic growth through free trade and open markets, promote the expansion of democracy, work with regional powers to reduce or suppress regional threats, and transform the US national security institutions to meet the challenges and opportunities of the 21<sup>st</sup> Century.<sup>37</sup> Again, these goals are lofty and somewhat idealistic, but if achieved in full, would create the conditions for a prosperous and more stable world and more specifically a stable and economically viable Africa.

To implement these goals, American involvement with African nations consists of both governmental and private sector investments and engagements. Private sector engagement far exceeds US Government actions in raw numbers, but public sector engagement far exceeds private investment in dollar amounts and scope of programs.

Public sector investment and engagement flows along two main channels. The US provides funding and assistance to multiple African nations through established international organizations and governmental agencies. Since 2000, the U.S. has funneled effort and funds through the African Union and the New Economic Program for African Development (NEPAD).<sup>38</sup> Both organizations were created to develop and implement with assistance local solutions to problems plaguing the continent. To date, some \$300 million has been provided to these organizations through a variety of programs and there is the promise of "tens of billions of dollars more to fight HIV-AIDS and malaria from killing millions of Africans each year."<sup>39</sup> Its premise is that improving economies will provide critically required resources for further infrastructure development and delivery of services to their citizens.

Funding through NEPAD is not the only policy the U.S. is pursuing. Working with allies and member states, the U.S. has sponsored the African Growth and Opportunity Act (AGOA)

that seeks to improve infrastructure and promote economic development in developing nations. The act, administered through the U.S. Agency for International Development (USAID), works in the designing and implementing of programs to build industrial production, reduce trade barriers, and promote individual property rights.<sup>40</sup> The program is currently centered in three African countries, Ghana, Botswana, and Kenya; all three are models for other developing countries in establishing democracy, creating free markets, reducing poverty, and fighting corruption and crime. All three nations have a long way to go to achieve Western standards of living, but through the assistance provided by AGOA, they are on the way to becoming prosperous and stable. And on 20 July 2005, Secretary of State, Condoleezza Rice, announced that a fourth AGOA hub will be established in Dakar, Senegal to provide access to international financing for French speaking nations of Africa.<sup>41</sup>

The US is also supporting diplomatically and financially, African international groups that are working to develop free societies and reduce conditions that promote violence and terrorism. The two largest groups are the Economic Community of West African States (ECOWAS) and the African Union. ECOWAS, founded in 1975, is a regional group consisting of 15 nations with the charter to promote democracies and create stable conditions in the region. It is working with the US and other G-8 nations to reduce or eliminate debt of its member states as well as working with the World Bank and the International Monetary Fund for economic reforms. ECOWAS is also the focal point for both the New Partnership for Africa's Development (NEPAD) and President Bush's Millennium Challenge Account. The other major regional organization the US works through in Africa is the African Union. This group was founded in 1999 for the purpose of bringing stability to the region and fostering economic development, promoting mutual security and political reforms. They also provided or are providing military forces to conduct peace-keeping missions in Liberia, the Cote D'Ivoire, Sierra Leone, and most recently Dafur. In 2004, the US provided \$144 million in assistance to this organization's efforts in Sudan.<sup>42</sup> Both ECOWAS and the AU provide a legitimate funnel for funding and supplies for US programs and can help bolster the US image in their regions. They also allow oversight of their activities, which enables the US to ensure funds are not being diverted or corruption is not detracting from the supported programs.

President Bush has proposed and Congress has funded the Millennium Challenge Account, which was started in 2000. This initiative promotes good governance and democratic reforms. It's designed to assist developing nations around the world, but especially in Africa to develop institutions that protect individual property rights, respect the rule of law, and other good business practices. This will assist the private business sector to continue to develop and

increase prosperity for the nation's citizens. This year's spending plan appropriated \$1.8 billion, which is less than the \$3 billion requested by the administration.<sup>43</sup> More importantly, this program is designed to develop local businesses and industries which, if successful, are self sustaining and builds a middle class. This in turn will create an environment conducive for democratic governance, a primary goal of the United States.

The US has also initiated a worldwide program to combat HIV-AIDS, malaria, and tuberculosis. Infectious disease is the single biggest obstacle to developing or sustaining a viable economy and Africa is plagued by both HIV-AIDS and malaria. Reportedly, 30% of Africa's inhabitants are affected by the HIV/AIDS epidemic with an estimated 24 million people infected and a projected 12 million AIDS orphans by the end of the decade.<sup>44</sup> The impact of this health crisis is devastating whole segments of the population and creating conditions that are ripe for terrorists and organized crime. In response, the US has provided some \$10 billion in total funding over the past five years and approved an additional \$2.7 billion for FY2006 to combat these three devastating diseases.<sup>45</sup> Again, empowering local organizations to develop and implement local solutions vice funding American organizations who decide from afar policies and solutions to local problems will be seen as less intrusive and be more conducive to building greater cooperation and access in the future.

The US has also involved the military element of national power in Africa. Joint Task Force Horn of Africa (JTF HOA) is the largest military operation on the African continent since the US withdrew from Somalia in March 1994. JTF HOA, operating out of Djibouti since 2002, is working with coalition partners in the region to gather intelligence and interdict transnational terror groups and organized crime syndicates in the region. JTF HOA is also supporting multiple MEDCAPS (Medical Capability Programs), providing humanitarian assistance and conducting Foreign Internal Defense (FID). These programs build working relationships with local leaders and engender good will with the local populations. This in turn generates access for US current or future interests.

Additional military support is provided through training of military leaders of selected African states. Each year, the US sponsors (or funds through Foreign Military Sales) officers' attendance at the Marshall Center in Garmisch, Germany. The Marshall Center was founded to train officers how militaries function in democratic societies. Concurrent with this, US officers and leaders work in the Africa Center for Strategic Studies (ACSS). This organization promotes US goals of countering terrorism, developing regional security, promoting democracy, and assisting African nations to strengthen their national defense. The Center also promotes good governance, professional development, and the importance of civil control of military actions.

The work of the ACSS also contributes to the development of US strategy toward the African continent and builds strategic alliances and partners for future challenges.<sup>46</sup>

The US also supports individual states and coalitions through Theater Security and Cooperation Programs administered by the Central and European combatant commands. These programs allow the commanders to enter into bilateral exchanges, agreements, and exercises to improve military capabilities of the target nation (or organizations) while ensuring future basing rights, access, or freedom of transit if needed. These exchanges also provide an infrastructure to share intelligence about common threats and cooperate in the global war on terror. Additionally, the US Army Corps of Engineers has awarded nearly \$125 million in construction contracts on the continent. These projects, funded through US foreign aid spending, include both military and public infrastructure facilities.<sup>47</sup>

Lastly, responsibility for the continent of Africa is split between two separate combatant commands. Central Command (CENTCOM), based in Tampa, Florida, has responsibility for the northeast corner of Africa from Egypt to Somalia. The European Command (EUCOM), based in Germany, has responsibility for the rest of Africa. This split of responsibility creates inconsistencies in the engagement by all US agencies with different countries and regions of the continent. CENTCOM's attention has been properly focused on operations in Iraq, Afghanistan, and the Horn of Africa for the past three years, while EUCOM, responsible for 84 nations on three continents (Africa, Europe, and Asia), is hard pressed by ongoing operations in the Balkans, support to CENTCOM, and engaging former WARSAW pact nations. However, the US Department of Defense is now seriously debating realignment of the geographic command responsibility of Africa. This change has been considered in the past, but with ongoing operations in the Horn of Africa and the necessity to pursue international terrorist groups in the ungoverned areas on the continent, the potential for creating a unified command with responsibility for the entire continent has a much higher probability of being successful.<sup>48</sup>

#### Mutual Objectives of China and the US

Even though the preceding pages have laid out evidence of competition between the two economic giants, this situation does not need to lead to a confrontation. Like it or not, China and the United States are in a symbiotic relationship and have many common objectives. Both countries need economic growth and prosperity to maintain their current forms of government and maintain their positions in the world order. In order to ensure growth, a stable world energy market is necessary. China's industrial success is dependent on access to raw materials for manufacturing and a strong consumer market for their exports. And while the United States is

not China's only trading partner, it is a large consumer of Chinese manufactured goods, which in turn generates surplus capital for further domestic and international investment. An interruption in supply or a precipitous price spike of oil will have a dampening effect on all the western economies. Further, since China's dependence on imported oil is growing – nearly 50% of domestic consumption is now imported – a supply interruption would have devastating consequences on the Chinese economy. Chinese exports would decline leading to unemployment and political unrest, the very situation the Beijing authorities do not want. And the United States needs a prosperous China to continue to purchase US securities and Treasury bills (or not cash in the nearly \$600 billion they currently hold).

Concurrent with the mutual objective of continued economic growth is secure sea lanes. Africa and the Persian Gulf account for 74% of the world's known oil reserves. The shipping lanes in and around those two areas are very susceptible to political instability in the region. Additionally, all of China's oil imports today must also traverse the Straits of Malacca, a high threat area due to piracy and international terrorists. As discussed earlier, China does not have a "blue water" navy, and therefore is dependent on other nations abiding by international rules of the seas and for other naval powers, mainly the US and India to patrol the seas and maintain open trade routes. This could be seen as a strategic weakness or be a forum for greater cooperation between the two nations. As stated above, the US economy is tied closely with the Chinese economy. Disruption of the sea routes is not in either nation's interest. Cooperation between the two industrial powers is not only prudent it is necessary for achieving common national objectives.

And lastly, as the Chinese footprint in Africa grows the likelihood of Islamic terrorist attacks against Chinese interests and citizens also grows. Most fundamentalists groups view Africa as part of the caliphate, or Dar-Islam. One of their stated goals is to drive westerners out of the region and establish one country under Islamic law. Before too long, these terrorist groups are unlikely to differentiate between western companies and Chinese companies, especially in light of China's tendency to make deals with national leaders who are seen as obstacles to the goal of reestablishing the caliphate. The US is currently engaged in a global war on terror that includes a majority of the nations in the world. While large-scale operations are being conducted in the Middle East, Iraq, and Afghanistan, smaller scale operations are being executed in Africa, namely the area near the Horn of Africa. This area is critical since it sits astride the entrance to the Red Sea and the Suez Canal, the passage where any oil shipments heading to China must pass. Additionally, countries that China is currently dealing with are either tied to international terrorism or are giving aid and sanctuary to them. Iran is

considered the largest state sponsor of terrorism and China has entered into several oil contracts with that nation. Those economic ties could be leveraged to compel Iran to cease support of the radical groups or at least moderate their actions. China's recent agreement to refer Iran to the UNSC and their participation in the Six-Party Talks over North Korea's nuclear program reflects the Beijing government's concern with the proliferation of WMD. The possession or use of these weapons would in all likelihood have a destabilizing effect on the world market – again, a situation that would have a devastating effect on the Chinese economy and one to be avoided at all costs.

### Conclusion

It is likely that the pace of competition for the continent of Africa will continue to increase over the coming decades. The world's increasing demand for natural resources, especially energy, the ongoing struggle against transnational terror groups, and the international communities concern over human rights put Africa in the middle of the global tug of war between the US and China. This situation, however, should not be viewed as negative or a potential flashpoint between the two nuclear powers. As much as the US and Chinese domestic economies are tied, so too is the future development of Africa. It is in both nations interest to maintain stability in the world energy markets and African security ensures this critical requirement. Security and stability can be obtained through economic development, military intervention or assistance, and through diplomatic means. Since China lacks the military means, they are developing the diplomatic means through a liberal use of economic aid, FDI, and trade. Aid increasingly flows to those nations that have something the Chinese need or want, namely resources. And those natural resources are needed to fuel the continued growth of China's economy. The nature of this aid tends to be at the expense of the citizens of the very nations that China wishes to curry favor with. Infrastructure development without a concurrent growth in the local economy or improved social structure will not bring about long term economic or political stability and consequently should not be viewed as problematic for US long term goals. If anything, the short sightedness of the Chinese programs may bolster US programs. China's insistence that Chinese aid be used to hire Chinese firms in the target countries may be mutually beneficial in the short term, but will grow onerous in the long run.

The US policy of funding local or regional organizations to develop and implement local solutions will have more sustainability and promote further economic development. Therefore, rather than opposing China's investments in Africa, the US should encourage further trade and investment. The more China is invested in the African market, the more they will be vested in

maintaining a peaceful and stable environment. Infusion of capital on the continent, development of infrastructure, and increasing standards of living will have a positive long term effect and ultimately assist the US in achieving goals set out in the National Security Strategy of 2002.

Concurrent with US encouragement of Chinese investment in Africa it is imperative that the MCA and AGOA be continued or expanded. These programs, where implemented, will increase economic development, improve standards of living, and reduce political and social instability. This strategic benefit to the US of this developmental aid will be similar to the effect the Marshall Plan had on reconstructing Europe and the Far-East after the Second World War. An additional benefit of improving African economies and developing infrastructure would be a growth in African participation in the global economy. In fact, a growing industrial base in Africa could supplant China as the world's leading producer of consumer goods in the future. This in turn would lead to a demand or need for more efficient social services, public education, and ultimately be more conducive to creating and sustaining representative forms of government; a primary goal of the US.

The US efforts in combating the health crisis on the continent will also enhance achievement of strategic goals. While China is focused on gaining or sustaining access to specific markets, the US is looking at a far larger view. By providing billions of dollars in health care funding and humanitarian assistance; promoting cooperation through TSC and student exchanges; and fostering increased economic independence of African states; the US will see a more stable and peaceful and prosperous continent, less support for international terrorism, and continuation of US economic prosperity.

Direct confrontation between the United States and China in the competition over Africa is possible, but not necessarily inevitable - both nations have more to lose over a military confrontation in or over Africa. To sustain progress made on the continent, the US needs to continue to engage African countries through all elements of national power: diplomatic, informational, military, and economic, while concurrently engaging China in areas where the two countries have common interests, namely stable energy markets, secure shipping lanes, and counter terrorism and counter proliferation of WMD.

Stable energy markets will provide fuel for China's continued economic expansion and reduce inflationary pressures on the US economy. This is a major factor in Chinese foreign diplomacy and realizing it, the US is better positioned to work with China to further develop the continent's infrastructure while at the same time promoting regional stability and integration into the world economy.

Stability of oil markets is also dependent on the global war on terror. This is another area of concurrent interest to both nations and again, one the US needs to leverage. Regardless of political ideological differences, the economies of both nations would be devastated by a major terror attack on the oil production capabilities in the region. Just this past week, the price of crude spiked after the kidnapping of oil workers in Nigeria and a failed suicide attack in Saudi Arabia.<sup>49</sup> This jump in price is consistent with previous disruptions of energy production: Hurricane Katrina in September 2005, the US invasion of Iraq in March 2003, and the Tsunami in December 2004. With demand so high and supplies so tight, any disruption in production, whether man-made or through natural disaster would reverberate through the world market. Terrorist know this and will continue to look for ways to disrupt this critical commodity. Chinese firms are also investing heavily on the continent and are a potential target for terrorist attacks. Again, the US can leverage this common interest with China to build partnerships in facing and defeating a common threat.

The supply line between Africa and China is also vulnerable to either terrorist attacks or organized crime (piracy) and provides another area where the US can leverage a capability to build a partnership with China. Without a "blue water" navy, China is dependent on the US to provide security for the SLOCs between Africa and China. While it is in the best interest of the US to maintain this security, the US could also offer to assist China in developing their own naval capabilities. This can be accomplished through the Theater Security Cooperation program or bilateral exercises to share certain capabilities and techniques. What better way to build a partnership than to "train" with the PLAN. Other low level military exchanges continue to occur with the US military sending Senior Service School students on visits to China (US Marine Corps War College Class of 2005) or participate in humanitarian relief efforts as both the US and China did after the Tsunami in 2004.

A great deal can be accomplished in terms of quality of life, economic growth, and peace and security on the continent of Africa, but not if the US backs away from their current commitments to Africa or continues to bicker among itself over Chinese expansion on the continent.<sup>50</sup> The US needs to encourage continued Chinese investments in Africa since it is not a threat to America and in fact will enhance the effectiveness of the US African aid programs. At the same time, the US needs to continue to build a partnership with China in Africa to promote stable oil markets, defeat terrorism and counter-proliferation, and ensure safe shipping lanes. The US and China have found common ground on other issues of great importance to the world in the past. The Chinese participation in the Six Party Talks over North Korea's nuclear program or their recent attempt to find a diplomatic solution to the Iranian enrichment

problem are two examples of what can be accomplished through finding common interests rather than focusing on differences. Focusing on differences or pursuing a confrontational policy with China on the continent of Africa can only lead to further economic chaos, instability in the world oil markets, and a breeding ground for terrorists in the future. The competition for Africa does have strategic implications for both countries and at this point in history, we need each other to achieve our common goals.

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